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FACING THE RISKS AHEAD

With hundreds of ships, drilling rigs and oil platforms battling the elements, Maersk is constantly at risk from stormy seas and weather conditions. So risk management is high on the agenda for the Group. "We focus less on buying insurance, and more on risk improvement," says Lars Henneberg, Head of Risk Management, adding that today most of the Group's risk is insured internally.

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Trade means global growth

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Chance of a lifetime

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Counting sheep

Theme: Innovative Customer Solution

SVITZER'S NEW ECO TUG

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PHOTO: CALVIN WILL



The Gorgon Joint Venture Project is one of the world's largest natural gas projects in a unique setting: a highly protected nature reserve. Under a new contract to provide terminal towage services to the Gorgon Joint Venture, operated by Chevron, Svitzer's new ECO tugs are custom-built for the sensitive job.

Not just a company, a neighbour



PHOTO: JOHN CHURCHILL

A WORLD-CLASS MULTI-PURPOSE PORT

APM Terminals is investing USD 750 million to turn Callao, Peru into a world-class multi-purpose port. By involving the community and employees in the process, it has created a shared feeling of responsibility that it expects will make it a long-term success.

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Back in blue

RETURNING TALENTS

Former employees return to Maersk like never before. After decades of reluctance when it comes to rehiring people who originally left the Group, Maersk today offers returning talents a warm welcome back to the blue Maersk family.



PHOTO: K. C. ORTIZ

04



PHOTO: TOM LINDBOE

Small bike, big dreams

MOTORCYCLES FEED NIGERIA

Commercial motorcycles can serve as a stepping stone for Nigerians looking for employment or capital to start a business. For the importer of motorcycles, the shipping carrier helps by keeping the turnover time low.

Enabling trade brings global growth



N.S. Andersen

Nils S. Andersen, Group CEO

> At Maersk Group we have a vital role to play in global trade. With 90% of goods travelling by sea, our containers act as the building blocks of global trade – connecting countries, markets, businesses and people. Our ports are the gateway to trade and a critical component in a country's economic growth.

Over the last 50 years we have seen global trade prosper in line with the success of globalisation. Global trade has generated jobs and growth, created opportunities for businesses both big and small, spurred investment in public infrastructure and connected emerging markets around the world to the global economy.

But today trade is not as free as it should be, and faces both tariff and non-tariff barriers. Concern over jobs and populist pressures on governments have led to growing protectionism, stalling attempts to introduce much-needed global and bilateral trade agreements.

The World Trade Organisation estimates that the reduction of trade barriers could add a potential USD 1.2 trillion to global GDP, most of which would come from eliminating non-tariff barriers by agreeing on product quality standards, introducing more effective customs procedures and mitigating or eliminating infrastructure bottlenecks.

At Maersk, we are working hard to facilitate global trade in many different ways. In this issue of Maersk Post, you can read

how our specially designed containers are facilitating the trade of coffee from Indonesia to the rest of the world and of New Zealand lamb to a growing consumer base in China, overcoming the challenges of how to keep produce in top condition over vast distances and through complex supply chains.

“With 90% of goods travelling by sea, our containers act as the building blocks of global trade – connecting countries, markets, businesses and people”

Meanwhile the major investments we are making in APM Terminals Callao in Peru are playing a vital role in the country's economic development. Expansion of the terminal will allow for bigger ships, bigger cranes and new technologies which will triple the speed at which vessels can be unloaded, developing Callao into an important regional hub for trade.

Enabling trade is what our business is all about. But as we invest in it we also depend on it to progress. This means we must do everything we can to lift the barriers faced by global trade, and to bring forward the message to governments and partners around the world on the significant potential it has to help grow the global economy. 🌐

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Small bike, big dreams

MOTORCYCLES FEED NIGERIA | Commercial motorcycles can serve as a stepping stone for Nigerians looking for employment or capital to start a business. For the importer of motorcycles, the shipping carrier helps by keeping costly inventory at low levels.

BY ANDERS ROSENDAHL

> Okadas, a local term for commercial motorcycles, are all over Nigeria's streets. Having a driver with a passenger on the back has become an institution since okadas emerged in the 1980s, and although hazardous drivers have compromised their reputation, their contribution to the transport system in terms of abundance, ability to overcome traffic and accessibility to remote areas is widely recognised.

An okada is also an inexpensive means of transportation.

"These motorcycles play an important role in Nigeria. They are cheap and thus more accessible to a large part of the population who does not have a lot of money," says Manoj Sheth, General Manager at Qingqi Motorcycles Manufacturing Company in Nigeria.

Qingqi Motorcycles sells roughly every third motorcycle in Nigeria. This corresponds to imports of 50 containers with complete knock-down kits (CKD) each month. The bikes are assembled at the Lagos facility.

Shipping with Safmarine, Manoj Sheth points to the carrier's online tracking system as something that benefits his business, specifically bringing down the amount of money tied up in inventory.

"Tracking the vessel enables us to confirm delivery to



PHOTO: TOM LINDBOE

"This motorcycle feeds my family," says Salomon Kayode, an okada driver in Lagos, Nigeria.



Scan to see a video about the link between motorcycle imports and Nigeria's growing economy.



PHOTO: TOM LINDBOE

"These motorcycles play an important role in Nigeria. They are cheap and thus more accessible to a large part of the population who does not have a lot of money," says Manoj Sheth, General Manager at Qingqi Motorcycles Manufacturing Company in Nigeria.

our buyers and start our sales process much earlier. This reduces turnaround time, which is the most important element of our business," he says.

STARTING SALES EARLY

Using the vessel's registration number, which Safmarine makes available via the customs authorities five days before the vessel arrives, Qingqi Motorcycles starts the paperwork and planning, knowing exactly when it will have access to its containers.

"We have provided the answers that customers are looking for online. I think this improves a lot of things for Qingqi Motorcycles and for our other customers as well," says Omowunmi Ogunbowale, Senior Sales Executive at Safmarine, adding:

"We have a good relationship with their supplier in China. If there is any issue, we know who to talk to and we deal with it. With this job, you have to find and deal with problems before they turn into delays."

The approach has paid off with Qingqi Motorcycles.

"We have had a good rapport with Safmarine for the past five years. Today, 70% of our business goes to Safmarine, and the level of confidence we have in Safmarine is one that we cannot compare with other shipping lines," says Manoj Sheth.

Studies show that almost 50% of okada riders have a diploma but cannot find employment within their fields of education. Thus the okada trade serves both as temporary employment and a means for entrepreneurs to earn capital to start businesses. ■

News in brief

A bold commitment to CO₂ reductions

At the recent BSR Conference 2014 in New York, Group CEO Nils S. Andersen announced Maersk Line's new CO₂ reduction target of 60% by 2020, echoing the Group's strategy of balancing growth and trade with environmental impact.

Nils S. Andersen addressed the Group's influence on global trade, infrastructural investments and removing barriers to growth. This comes from strong recognition that shipping affects the lives of billions of people, with 90% of the world's international trade travelling by sea.

The challenge, however, is to increase trade and economic well-being for a growing population whilst mitigating negative impacts to the climate and environment, not least CO₂ emissions.

Says Andersen: "As an industry, shipping is responsible for 3% of global CO₂ emissions. However, maritime shipping is also the most efficient method to transport goods."

Young Maersk leaders discuss tomorrow's solutions

At the annual One Young World conference that recently took place in Dublin, 15 young Maersk leaders discussed sustainable solutions together with 1,500 other young leaders from all over the world.

"I am so happy to be here, it has been a life-changing experience," said Astrid Zoeger, Head of Communication and Community Relations for APM Terminals in Callao, Peru.


She is one out of 15 young Maersk leaders participating in the annual conference "One Young World" that took place last week in the Irish capital. The young leaders represent different business units and different parts of the world. They were all gathered to discuss answers for the big challenges and tough questions that they as leaders are likely to face in the future.

Values in Action

As Chinese translations of the Group Core Values became available, colleagues from China talked about how the Values are a natural part of their daily work lives and serve as a best-in-class benchmark.

"The Group Core Values are more than just nice words. They can be lived out practically and benefit both work and life in general." The speaker is Zoe Sheng, one of Maersk Line's Sales Support personnel based in Shanghai.

Sheng is only one of the employees across Maersk's China offices that was polled for thoughts on the Group's Values and their applications in daily life. "Humbleness is a very important characteristic. If we are not humble enough, if we are not willing to listen to others' advice, colleagues may find us difficult to work with," she explains.



BACK in blue

RETURNING TALENTS | Former employees return to Maersk like never before. After decades of reluctance when it comes to rehiring people who originally left the Group, Maersk today offers returning talents a warm welcome back to the blue Maersk family.

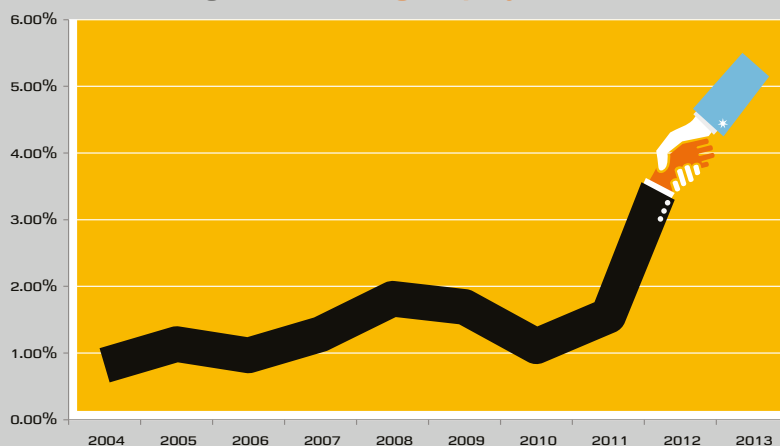
BY PETER TORSTENSEN

PHOTO: K. C. ORTIZ



"It has been really great to re-enter the Group and see that the culture and the Group's Values are still the same," says William Lee, Head of Supply Chain Development in Asia for Damco.

Percentage of returning employees



Source: Group HR. Numbers primarily cover office personnel; terminal workers, seafarers and offshore personnel are not included in these figures.

> Back in 2010, William Lee was not tired of his job as Head of Sales & Implementation for Damco's North Asia contract logistics division. But when headhunted by a senior management member from a competing service provider, he accepted the offer.

"I had been with Damco for five years – and I was ready for new challenges," says William Lee, who is now back with the Maersk Group as Head of Supply Chain Development in Asia for Damco.

Lee worked for CEVA Logistics as General Manager for Supply Chain Solutions in Asia for three years. Looking back, he treasures the experiences that working outside Maersk gave him:

"It was refreshing to work in another company and see how they

ran their business," says William Lee, who after three years received a call from his previous manager in Damco regarding a potential opening.

"The new role required what seemed to be a perfect match with my skills, and thus I made up my mind to return to Damco," Lee explains.

CHANGE OF CULTURE

Years back, William Lee might not have been welcomed back to the Maersk Group. For decades, a long-lingering myth stating that once you've left the blue Maersk family there was no re-entry was said to be blocking the alumni from reapplying. And even though refusing to rehire was never an official policy, it has been difficult to dispel the myth.





PHOTO: K. C. ORTIZ

"I missed the many fantastic colleagues all over the world and being part of this truly international and great company." Bo Wegener

> Therefore, a couple of years ago Group HR introduced the "Concept of boomerangs", explains Ricardo Sookdeo, Head of Group Talent & Performance Management and HQ HR. Group HR still wants to spread the word that Maersk today welcomes back its talents.

Last year 694 people rejoined the company, meaning that more than 5% of all new employee contracts in 2013 were signed by former Maersk employees. By comparison, the number was 0.8% in 2004.

"I am very happy to see this development," says Sookdeo. "The people who have been with us before, they know us, our culture and how we operate. So if they left on good terms, I see no reason why we should not rehire them."

REORGANISATION

To Bo Wegener, who today is Cluster Top in Thailand for Maersk Line, it was simple. When he had the chance to rejoin the company he did not think twice.

"I missed the many fantastic colleagues all over the world and being part of this truly international and great company," says Wegener.

When he was 20 years' old he joined Maersk for the first time, and worked his way up to become Cluster Top of Iberia. In 2009 Wegener lost his job in Maersk after a reorganisation.

"Of course it was not nice to lose my job, but luckily I managed to find a new job relatively quickly," Wegener says. "I was actually very happy with my new job at a low-cost furniture producer in Denmark, yet something was missing"

"So I reached out to an old colleague who helped me get back into Maersk," Wegener explains.

THEY MISSED MAERSK

When asking people who for different reasons have worked outside the Maersk Group, one thing seems to stand out. Many of them miss what they call the special Maersk culture:

"It has been really great to re-enter the Group and see that the culture and the Group Core Values still stand," says William Lee.

Bo Wegener returned in 2012 and adds: "Having been away from the company for a few years, I was wondering if I would feel the same coming back. However, I was surprised by how easily I settled back in. It simply felt right from day one." 🇩🇰

"It has been really great to re-enter the Group and see that the culture and the Group Core Values still stand"

WILLIAM LEE, HEAD OF SUPPLY CHAIN DEVELOPMENT
IN ASIA FOR DAMCO

"The market for talent has become more competitive," Sookdeo says. "People who have been working for another company often return with a broader perspective on things and fresh ideas, so of course we want them to rejoin us."

Apparently the boomerang concept has set things in motion.

NOT JUST a company, a neighbour

A WORLD-CLASS MULTI-PURPOSE PORT | APM Terminals is investing USD 750 million to turn Callao, Peru into a world-class multi-purpose port. By involving the community and employees in the process, it has created a shared feeling of responsibility that it expects will make it a long-term success.

BY JOHN CHURCHILL

> Among the lawyers and other suits gathered on 1 July 2011 to inaugurate the first day of operations at APM Terminals Callao, the Bishop of Callao was as important as anyone.

"There was a lot of tension around our arrival. It was a government port for all its history, so a lot was going to change," says Henrik Kristensen, Managing Director of the terminal from 2011 until September 2014.

"The Bishop knew the issues, the neighbourhood. I wanted to send a message to the community and also our employees that even though we want to run fast and efficiently with this project, we will also do it the right way."

OPENING THE TERMINAL GATES

Seeking collaborators to help make the terminal a success, Kristensen started right outside the gates in the neighbourhood of Puerto Nuevo. It is Callao's oldest and poorest neighbourhood, characterised by the tiny recycled wood and cement homes and the high crime rate. Besides local fishing, the primary employers here are the port and construction, but most residents here are unemployed.

"If you don't know someone here, it's not a good idea to walk around," says Eugenio Cordoba, a public worker and politician from the nearby Bellavista district who knows many of the 12,000 families that live here.

He says the people in Puerto Nuevo expected no contact from APM Terminals, so were struck by the company's openness when they moved in. Removing the permanent police presence in front of the terminal gate and hoisting a giant banner that read 'Proud to be in Callao' were eyebrow-raising gestures.

"We are a people business. It is not only cranes, machines and big ships; there are people sitting in all of them," says Kristensen. "We have 1,500 people working in the port and another 4,000 coming in and out every day. If we don't reach out to them and try to be part of



PHOTO: JOHN CHURCHILL

Callao is Peru's most important port, handling 80% of the country's trade. APM Terminals Callao is a multi-purpose terminal and handles everything from containers, grain and minerals to cars, machines and more.

the community and take some responsibility, we simply won't be as successful."

GATHERING THE MASSES

In those first few months, Kristensen and his team identified important stakeholders in the region – the Bishop, the police, politicians, schools, the fishermen, customers and business leaders – and began visiting them and inviting them in for meetings to hear their thoughts and to share the ambitions and plans for a 'puerto de clase mundial'.

The open door policy allowed APM Terminals to create a network and find a place in the community as a cooperative partner. In Puerto Nuevo, community leaders identified nutrition, education and crime as the big issues. APM Terminals bought an oven for Puerto Nuevo's



> first and only bakery; started and now monitors a nutrition and health programme at the Puerto Nuevo nursery and primary school, benefiting 250 children and their families and, most visible of all, provided funding for several fast-response police outposts in Callao.

BUILDING COMMON GROUND

For the hundreds of stevedores that were accustomed to working in the public terminal, the changes brought by APM Terminals came quickly. A collective bargaining agreement was established within weeks – the first in 20 years for the stevedores – creating security for both sides and helping to build a relationship of respect between stevedores and employees in the yard.

A family safety day soon after the start-up brought the families of port workers inside the port gates for the first time ever. “The economics are crucial of course, but what really impressed me was that they invited the families of the workers in to see their spouse’s workplace,” says Enrique Cornejo, Peru’s then Minister of Transport.

“It was an important gesture to the community, and I know from talking to some of the port workers that it instilled a measure of pride in their work.”

The mandatory safety equipment and training, drug testing as well as expectations for strict adherence

to rules created some conflicts initially according to Kristensen, but has long since created something else.

“Stevedores are important to every port. Without them, nothing gets done. Yet we also need them to work within our system and meet our standards, especially for safety,” says Carlos Teixeira, Safety Manager in APM Terminals Callao.

“I think many of them are proud to work here now. They recognise they are important to the success of this terminal, to their port.”

100 DAYS TO MAKE AN IMPRESSION

“We launched a lot of initiatives in those first weeks and months to build confidence and trust inside and outside the terminal,” says Kristensen. “It’s not the handful of expats that have come here that are making this project happen. We accomplish nothing if our locals don’t accept and embrace what we’re doing here.”

According to Kristensen, one of the most important initiatives they started was “Cuenta Conmigo” (Count on Me). All employees were asked to come up with ideas to improve the business in their areas of work. In the business world, it’s known as Process Excellence (PEX) or Continuous Improvement.

In the first week, more than 800 ideas came which generated USD 3.8 million in segment results in 2013,

World class by 2020

INFRASTRUCTURE GAP | Infrastructure is a primary challenge to Peru’s continued growth. Expanding and modernising the country’s most important port will lower costs and attract more trade.

BY JOHN
CHURCHILL

> “The port is functioning very well now, but it is not yet world class,” says Kor Goedendorp, head of the Callao expansion project. “That’s what APM Terminals is here to do. With all the improvements we are making to the business, in both the container and general cargo side, it will be a world-class port by 2020.”

modernisation of the multi-purpose North Terminal by APM Terminals is one of the country’s key transportation infrastructure projects.

THE IMPACT OF EFFICIENCY

Logistics costs in Peru are some of the highest in Latin America. According to a report from Peru’s Ministry of Production, 34% of the value of a Peruvian product is eaten up by logistics costs. This is compared to 15% for neighbouring Chile and 24% on average for the region.

By simplifying the storage and operations of the terminal, APM Terminals has slashed logistics costs for customers. Before APM Terminals took over in July 2011, the cost to take one container off a ship and out of the terminal was USD 435. Today, it is USD 238. When spread across the 320,000 containers moved in 2013, this amounts to USD 63 million in savings for customers.

In addition, ships are spending much less time in port, allowing more vessels and cargo to come in to Callao. Between 2012 and 2013, its first two full years of operations – and despite the ongoing expansion – APM Terminals Callao reduced the average amount of time each vessel spent in the port by 39% compared to the



PHOTO: THOMAS SONNE

Enrique Cornejo, Peru’s former Minister of Transport: “Our country has enjoyed extraordinary growth over the last 20 years. In order for this to continue, it is essential to develop our infrastructure and continue to reduce the costs of doing business.”

Peru’s infrastructure is lagging far behind compared to its region-leading economic growth. The Ministry of Transportation and Communication estimates that Peru’s infrastructure gap stands at USD 38 billion, or 30% of the country’s GDP. Approximately USD 14 billion of this amount relates to transport, primarily roads and ports.

The port of Callao is Peru’s biggest and most important port, handling 80% of the country’s commerce. As such, the USD 750 million expansion and



PHOTO: JOHN CHURCHILL

"We have 1,500 people working in the port and another 4,000 coming in and out every day. If we don't reach out to them and try to be part of the community and take some responsibility, we simply won't be as successful," says Henrik Kristensen.



PHOTO: THOMAS SONNE

Eugenio Cordoba, a public worker and local politician, is one of many important partners that helped APM Terminals create a bond with the local community.

and nearly USD 2.5 million segment results so far in 2014.

One example of the input came from two electricians, who implemented an idea to enable the use of the grain storage silo during the terminal's major civil

works. Most thought it was not possible, and yet it resulted in over USD 300,000 in unplanned revenue in 2014.

"The project is meant to get everyone thinking, to empower them to hunt for solutions in their area of



PHOTO: THOMAS SONNE

Two decades of strong economic growth has lifted many Peruvians into a middle class. To help keep it going, the country has to reduce its USD 38 billion infrastructure deficit.

2009-2010 period when the port was state controlled. The result? A 59% increase in the number of vessels and a 21% increase in container and general cargo volume.

MORE TO COME

The terminal is being renovated and expanded in five phases, with approximately USD 200 million invested in each phase. It is currently nearing the completion of phases 1 and 2, and should be complete by 2021.

Four new ship-to-shore cranes capable of handling

18,000 TEU vessels arrived this year at the new container berth; nine more will arrive over the next seven years. In addition, 12 new electric rubber-tyre gantry cranes are now in the yard, and this figure will grow to 36 in years to come.

On the general cargo side, a new grain berth with more storage, four mobile harbour cranes, bigger grain scoops and a conveyor belt for unloading vessels directly to storage are all in the works for the next couple of years. *

> expertise," says Daniel Jover, Head of the Continuous Improvement initiative in APMT Callao.

Each time an idea turns into a tangible result for the terminal, the owners of the idea ring a bell in the main terminal office and colleagues gather to listen to the origin of the idea and the result.

"The recognition is an important part of it, getting to share an achievement. It gives energy to the individuals, their colleagues and their teams," says Jover.

A HANDOVER AND A TRANSITION

In September, after three years as Managing Director of the terminal, Henrik Kristensen was rotated to the APM Terminals headquarters in The Hague, Netherlands. He was replaced by Dallas Hampton, former Managing Director of the company's terminals in Apapa, Nigeria and Kaohsiung, Taiwan.

Thinking back on the days leading up to the official handover of the terminal in July 2011, Kristensen remembers a senior executive from APM Terminals taking him aside. Sensing the pressure that Kristensen and his team were facing to operate and expand the terminal, the executive emphasised the larger, long-term context.

"If the port stops, Peru stops. But he said to me 'Henrik, you're not only taking over this port, which is so important to this country. It is also your job to show the people who we are, what kind of company APM Terminals is and what kind of neighbour and partner we are going to be for the next 30 years.'" 📺



A collective bargaining agreement for stevedores – the first they had witnessed in 20 years – created security for both sides and a relationship of respect in the yard.



Callao back on track



*Meet Freddy Cortes,
Shift Manager, Callao*

"I was very happy to be a stevedore port worker. I liked my job and made many good friends there, but you always want to do more and continue developing," says Marcos Quesada, Port Stevedore Instructor in APM Terminals Callao



Student

HIGHLY REGARDED TRAINING | APM Terminals has turned an abandoned building on the Callao terminal site into a highly regarded training centre, providing transferable skills and a career path for a variety of workers and employees.

BY JOHN CHURCHILL

> Marcos Quesada has spent most of his adult life in the port business, working a variety of jobs on the docks. His last job was as a Tally Clerk, counting cargo going in and out of the terminal.

Today, two years after attending the first classes held at the training centre in APM Terminals Callao, the 34-year-old former stevedore's life and career are quite different.

He is certified to operate nearly every machine in the terminal and he's become a unique and sought-after teacher; a 'Port Stevedore Instructor', one of only six in Peru to be recognised by the country's port authority.

"That was the starting point of a new era in my port career and my personal life," says Quesada, a husband and father of two. "I was very happy to be a stevedore port worker. I liked my job and made many good friends there, but you always want to do more and continue developing."

EVERYONE WINS

The APM Terminals Callao training centre is a point of pride in the terminal and the company. More than 1,000 people have sat in one or more of its five classrooms to



turns teacher

learn about equipment operations, safety and management-related subjects since it opened its doors in October 2012. Many of them, like Marcos, have received training in several areas.

"There is no facility like this in all of Latin America, and there's going to be a continuing need for the kinds of skills we are teaching here, not just in our terminal here but also in Latin America," says Carlos Teixeira, Head of Safety for APM Terminals Callao and the man behind much of the centre's success.

The centre has had such success in its short existence that outside operators have taken notice and expressed interest in hiring trainers like Quesada to train their workers. APM Terminals has applied to Peruvian authorities for certification to offer services externally and the application is under review.

"Training our direct competitors of course would not benefit us, but helping the Peruvian port industry improve the general skill level of its workers certainly would. Many of these people are partners, suppliers, customers and potential employees for us," says Teixeira.

CRANES, COMPUTERS AND TEXTBOOKS

When the training centre opened, Quesada was one of 600 who applied for a position as a 'stevedore trainer'. At the same time, he began taking courses whenever he could to learn to operate the different machines in the terminal.

Currently, he is finishing his training to operate the rubber-tyre gantry cranes that position containers in the

yard. In a few months, he hopes to be certified to operate the terminal's giants, the ship-to-shore cranes. For a person whose career was always very operational, the challenges of learning to teach have been much tougher, but also very rewarding, he says.

"It was very difficult at first, learning the different aspects of teaching, also learning to use computers, but we were very motivated as the first class of trainers," he says. "I believe the most exciting part has been learning to communicate effectively, not just with trainees, but with my colleagues, managers, visitors and even in personal meetings."

PRIDE AND EMPOWERMENT

Teixeira says the takeaway for trainees like Quesada is much more than just a new skill or operational certification.

"These guys work hard and one of the biggest changes I see in them is the increased confidence. That is really something," says Teixeira. "They know they have picked up a lot of different skills that they can use and I think the ones that are trainers now are even more proud of being able to pass on those skills to others," he says.

"I speak up now in front of groups of people, that was not something I would do before," says Quesada. "And I'm comfortable trying and learning new things. Becoming an instructor on stevedoring has allowed me to share my knowledge as well as to develop training material. This has given me a lot of satisfaction and pride." ❄



Meet Carlos Teixeira, Head of Safety, Callao

Heavy weather means risky business

WHAT HAPPENS WHEN THINGS GO WRONG? | With hundreds of ships, drilling rigs and oil platforms battling the elements, the Maersk Group is constantly at risk from stormy seas and extreme weather conditions. So it's no surprise that risk management is high on the agenda for the Group.

BY MONIKA
CANTY

➤ As Svendborg Mærsk left the English Channel, heading south into the Bay of Biscay on 14 February this year, the captain and crew were ready to tackle some rough weather. But they could not have anticipated the extremes they were met with. Caught in the path of a violent storm, the ship was battered by strong winds and tossed by high swells and 10-metre waves. As the vessel rolled on its side – at one point to a terrifying 41-degree angle – hundreds of containers were washed overboard and swept away into the angry sea.

Luckily none of the crew was seriously injured during the storm and Svendborg Mærsk suffered only minor damage, but with 517 containers lost overboard and another 250 damaged it was the largest container loss in Maersk Line's history. The financial cost of the incident is still being assessed,

but could be as high as USD 10-15 million.

The Svendborg Mærsk incident highlights just how vulnerable the Group is from extreme weather and unpredictable seas. "As one of the most asset-heavy companies in the world, we have a lot of steel – platforms, drilling rigs and ships – out there and exposed to sea and heavy weather," says Lars Henneberg, Head of Risk Management, Maersk Group.

As a result, insurance costs have always been high on Maersk's agenda. In 2010 it was estimated that the Group was spending USD 300-350 million per year on insuring its assets.

But the last few years have seen a major shift in the way the Group manages risk. An in-house insurance company, Maersk Insurance, was established, meaning that today most of the Group's risk is insured internally, leading to a

dramatic decline in the amount paid out to insurers of around USD 100 million per year.

"We have a big balance sheet and can retain a lot of risk ourselves," explains Henneberg. "It means we don't have to pay a premium to the external insurance market." Typically, losses below USD 1 million are taken on by the business unit, while the Group will take on losses of up to USD 50 million.

CHANGING THE MINDSET

With substantially more risk retained in the Group, this has entailed a step change in the way the Group approaches risk in general.

"Insurance is not the solution to protecting our assets," says Henneberg. "We need to do something about our losses and not let others pay for them."

"It is a change in mindset, as today we focus less on risk transfer

or buying insurance, and more on risk improvement. This means loss-prevention activities, assessing our exposure to certain risks and how prepared we are for when things do go wrong."

To support this, an ongoing risk assessment programme examines areas of concern on a yearly basis. This year the focus has been the security situation at oil assets in West Africa and how to mitigate the threat of piracy. A major study has also been launched into the risk picture surrounding the new breed of mega vessels entering Maersk Line's fleet.

Also being analysed are the Group's cargo acceptance procedures and risks posed by container contents. "There are procedures for declaring what is in the containers, but as they are not x-rayed it's difficult to verify," says Henneberg. This has resulted in some dangerous situations. In August last year for example, a container full of chemicals spontaneously self-combusted on board Maersk Kampala,

causing a serious fire which burnt for seven days before it was finally extinguished. The fire damaged 250 containers and put the vessel out of action for two months.

LEARNING THE LESSONS

Learning and sharing the lessons from when things go wrong is an important part of risk management. Following the Svendborg Mærsk incident, new procedures have been introduced, making it mandatory for all vessels to apply weather routing when forecasted weather exceeds wind force eight, and to deviate or postpone the voyage if the wind force is higher than nine.

While the final bill is still being calculated months after the event, the accident was a stark reminder of the constant risk faced by all of the Group's assets from extreme and unpredictable weather conditions. Being ready for such risks and being able to mitigate them as much as possible is firmly on the Group's agenda. 📌



Lars Henneberg, Head of Risk Management, Maersk Group says the Group's approach to risk management has changed in recent years.

PHOTO: PETER ELMHOLT

The third biggest payout in the energy sector

An accident in Maersk Oil resulted in one of the biggest insurance payouts ever in the energy sector globally. In February 2011, 175 miles northeast of Aberdeen, Gryphon FPSO (floating production, storage and off-loading unit) was hit by a violent storm. Four anchor chains broke and the vessel moved 180 m off-station, causing severe and complex damage to the subsea architecture. Following the incident, Gryphon was out of action for over two years. In the end the insurance claim was close to USD 1 billion, covering physical damage and the loss of production income.

"Maersk Oil made a root cause analysis of what went wrong, and a loss prevention programme to assess how to improve the mooring system for other FPSO units in the Group. Maersk Oil was very open about what happened and the findings were shared across the Group and with the rest of the oil industry," says Henneberg.

500 containers lost in the Bay of Biscay



PHOTO: MAERSK LINE

In February this year, over 500 containers were lost overboard when Svendborg Mærsk was caught in a violent storm in the Bay of Biscay.

The flooding of Emma Mærsk

In February 2013, the 14,000-TEU Emma Mærsk lost power in the main engine when a failure in one of the stern thrusters caused tens of thousands of gallons of salt water to flood into the engine room. The crew worked quickly and managed to position the vessel safely alongside the Suez Canal Container Terminal, and luckily no one was hurt. Emma Mærsk was towed to Palermo for repairs and faced months out of service.

The total bill for repairing Emma Mærsk was USD 60 million; USD 18 million was paid by Maersk Insurance and USD 42 million by external insurers.



SVITZER'S NEW ECO TUG:

THE STRONG, SILENT TYPE

THEME | INNOVATIVE CUSTOMER SOLUTION

The Maersk Group is driving forward products and services that will enhance the company's competitiveness and differentiate the company to its customers. Throughout the Group, teams work hard every day to develop innovative solutions for the customers. Maersk Post focuses on selected examples.

PHOTO: CALVIN WU



Svitzer Boodie and her three sister tug vessels are designed to be powerful enough to tow around LNG tanker vessels the size of office towers, yet discreet enough to operate in a sensitive marine environment.

BY JOHN CHURCHILL

➤ On a tug boat, the engine and the lights are primarily designed for power and safety. On Svitzer Boodie, Perentie, Dugong and Euro, Svitzer's new ECO tugs, they are also designed with something else in mind: sea life.

"Barrow Island, 60 km off the coast of North Western Australia, is simultaneously a Class A nature and marine reserve and the site of some very important energy projects for Australia," says Kim Caspersen, New-building





> Superintendent for Svitzer's Singapore site office. "These tugs are designed specifically for operations in this type of sensitive environment."

AN UNUSUAL SETTING

The Svitzer ECO tugs are currently being built in Singapore's ASL Shipyards. Starting in 2015 they will provide terminal towage services on contract to the Gorgon Joint Venture liquefied natural gas (LNG) project, operated by Chevron.

The Gorgon Project, located on Barrow Island, is one of the world's largest natural gas projects and Australia's single largest resource development project. The LNG produced by the plant on Barrow Island will be offloaded to LNG vessels via a 2 km-long jetty for transportation to international markets.

Svitzer's customer, Chevron, has been operating oil facilities on Barrow Island since the 1960s. By working closely with ecologists and other experts, the company has maintained the integrity of the island with no animal or plant species lost or added since operations began. Svitzer's job will be to assist in the berthing of LNG tankers at the jetty and unberthing once loaded with LNG, and is a good example of how Svitzer develops innovative customer solutions.

"Operational excellence and environmental sustainability were two of the most important factors in the bid for this contract," says Alan Bradley, Chief Commercial Officer for Svitzer Australia.

"Chevron has a very long and successful track record of operations in this sensitive environment.

We've been contracted to meet those standards, so the crews and the vessels have to be the best."

NOT YOUR TYPICAL TUG

To minimise the impact that the tug operations will have on sea life in the area, including dolphins, whales, dugongs and one of the world's seven species of sea turtles, the tugs are equipped with special features to minimise noise and light emissions.

As a hybrid diesel-electric, the ECO tugs combine a diesel engine with a giant, 5.5-tonne battery bank. The diesel-electric combination allows the tugs to switch power sources depending on operational needs and the sensitivity of the area.

With the diesel engine off, the battery bank can provide 525 kilowatts of power, enough to propel



PHOTO: CALVIN WU

Quiet and energy-efficient: Kim Caspersen, New-building Superintendent, checks the 5.5-tonne rechargeable battery bank that provides quiet, emission-free power when needed. Solar panels (below) provide hot water.



PHOTO: CALVIN WU

the tugs up to speeds of 6 knots – quietly – for 1.5 hours before re-charging is needed. Combined with specially designed low-noise, low-wash propellers, the ECO tugs can move discreetly through the water when required.

Like noise, artificial light can be disorientating to sea life and, in the case of turtles, can prevent adults from laying eggs and hatchlings from reaching open water.

To keep light emission and reflection to a minimum, the outside of the tugs are painted with anti-reflective matt paint, and will be equipped on deck with low-spill, yellow sodium deck lights with low-water penetration and automatic shut-off cabin lighting.

FINAL PREPARATIONS AND NAMING

Work on the tugs is expected to

be finished by early 2015, followed by preparation work, the Offshore Vessel Inspection Database and quarantine procedures, as well as an official naming ceremony.

All four tugs will be named after fauna native to Barrow Island's Class A nature reserve and surrounding marine park: Svitzer

Euro is named after a wallaby-like resident of Barrow Island; Svitzer Perentie after Australia's largest monitor lizard; Svitzer Boodie after a small Barrow Island marsupial and Svitzer Dugong after a sea grass-munching mammal also known as a sea cow. 🐢

Gorgon's Flatback Sea Turtle Conservation

Flatback turtles, one of the world's seven sea turtle species, breed on Barrow Island for six months of every year. Chevron and the Gorgon venture partners have committed more than AUD 60 million throughout the duration of the Gorgon Project, to establish a North West Shelf Flatback Sea Turtle Conservation Programme that will increase the protection of the flatback turtle population.



PHOTO: ANWAN MARIATIANA

The coffee journey

From around April to October each year, coffee farmers harvest their crop, selling to local exporters such as Asia Makmur and Olam Indonesia.

ADAPTING TO THE MARKET | Your cup of freshly brewed coffee every morning may have travelled from plantations in Indonesia, a leading global coffee exporter that is hoping to further increase volumes. From 2011 to 2013, the total volume of coffee shipped by Maersk Line from Indonesia increased almost fourfold.

BY YIHUI TAN

> Every morning, Dan Gustama, Account Manager for Maersk Line, has his regular coffee fix, but in a very different way to you or I. At a dusty depot in Lampung, Indonesia, Dan's crew gets ready to inspect the day's delivery of empty containers, and a batch of quality containers are separated for a commodity with a unique aroma that is known the world over – coffee.

"The nature of the coffee bean is that it easily absorbs the ambient smell. So a container for storing coffee should not smell of any other stuff. We usually have to air any smelly containers for two to three days before they are fit for coffee storage," Gustama says.

And the man knows his coffee, adding: "Newly built containers are also unsuitable, as the beans will absorb the smell of fresh paint. So some older containers we use may

not look too good from the outside, but we assure clients that the interior is suitable."

The major type of coffee being traded is Robusta coffee, a common strain used in a variety of coffee products. From around April to October each year, coffee farmers harvest their crop, selling to local exporters such as Asia Makmur and Olam Indonesia.

FROM PLANTATION TO PORT

The harvest is trucked to a Panjang warehouse for processing. Beans are dried and separated based on grades, and then packed into gunny sacks. Next they are loaded onto containers and trucked out of the port for transshipment to Tanjung Pelepas in nearby Johore, Malaysia.

After this the coffee beans begin their long journey to global clients such as Nestlé in the USA, where

the roasting process begins and finished coffee products are put on supermarket shelves and sold in cafes.

The Port of Panjang in Lampung, Indonesia accounts for some 51.2% of Indonesian coffee exports. Most of this volume goes to destinations such as Europe, the Middle East, the USA and Latin America.

In 2013, total coffee export volumes from Panjang numbered 379,000 tonnes. Local exporter Asia Makmur is Maersk Line's biggest client here, and accounts for 18% of the market share. The second-largest Maersk Line client, Olam Indonesia, commands 14% of the local market share. Both clients ship primarily to the USA, a major coffee market.

Budi Setiawan, owner of Asia Makmur, says: "Maersk Line fulfils our requirement for food-grade containers – no smell and dry. Even

though our product isn't time sensitive, Maersk Line has always been on schedule."

Maersk Line Indonesia ships an average 3,700 TEU of coffee from Panjang every year, and 40% come from major clients Asia Makmur and Olam Indonesia. According to data from the last three years, the potential to expand export volumes exists – from 2011 to 2013, the total volume of coffee shipped by Maersk Line from Indonesia increased almost fourfold.

COORDINATING SUPPLY CHAIN

It is not just Maersk Line that is involved in coffee exports from Indonesia. Global freight forwarder Damco is also responsible for all of Starbucks' coffee sourced from Indonesia. Damco manages the Starbucks green coffee supply chain globally, and coordinates the movement of around 1,000 TEU of coffee, sourced from 18 suppliers in Indonesia.

Indonesian coffee is transhipped about two to three times before reaching its destination, which means the possibility of costly delays are considerable, amounting to USD 100,000 per container.

The main task for the local Damco team is to coordinate the communication between the suppliers, carriers and Starbucks through the management of bookings and

monitoring of the progress of each container, reporting changes in schedule to Starbucks.

POTENTIAL AND CHALLENGES

Overall, Indonesian coffee production is expected to increase in the long run, but after a 15-year peak in 2012, where 520,275 tonnes of coffee were exported from the country, production has declined in the last two years due to unfavourable weather conditions, according to USDA and FAS Jakarta Coffee Reports.

According to Jakob Friis Sorensen, President Director of Maersk Line Indonesia:

"With increasing consumption in the USA and Europe of high-quality coffee, we see a growing demand for the unique taste of Robusta coffee from Panjang, Indonesia. Maersk Line hopes to tap into this opportunity, and hopes to bring Indonesian coffee to the rest of the world."

According to the Association of Indonesian Coffee Exporters (AEKI), Indonesian coffee plantations are expected to expand with help from the relevant government ministries, and the country's coffee production in the coming ten years is expected to reach between 900,000 and 1.2 million tonnes per annum. *

Where does your Starbucks latte come from?

> Damco manages the Starbucks green coffee supply chain globally – from the origin ports scattered all over the globe to a handful of coffee warehouses strategically located in the USA, Europe and Asia. While the majority of the coffee is shipped from Latin America, a large variety of speciality coffee comes from East Africa, China, Vietnam and Indonesia.

In Indonesia alone Damco annually coordinates the movement of around 1,000 TEU, sourced from 18 suppliers located all over the country. Coffee originating from Indonesia is transhipped about two to three times before reaching its destination, which means the possibility of delays are considerable and must be balanced with a limited product shelf life.

The main task for the local Damco teams is to coordinate the communication between the circle of suppliers, carriers and Starbucks. The coffee season coincides with a general peak season in Asia. All coffee needs to be sampled and pre-approved by Starbucks first, often leading to the bookings being placed at the very last moment. To ensure that capacity is available for Starbucks shipments, Damco origin teams need to juggle multiple carrier arrangements at once and adjust the bookings to meet the demand.

Throughout this process, Damco provides visibility on the shipment progress to Starbucks through an EDI feed and also via the online track and trace platform 'myDamco'.

"Delays can occur at any stage of the process and we need to react to each exception in a timely manner. It could be a container that does not meet food-grade requirements, one that is delayed at the gate or late supplier's paperwork," says Maciej J. Poroslo, Global Key Account Director for Starbucks, adding:

"Our origin teams do a fantastic job in addressing and resolving these issues as they happen. When the container successfully leaves the origin port, Damco's work is not yet over. The majority of the delays happen in the transshipment port and often carriers do not communicate such delays to us or to Starbucks. Damco monitors the progress of each individual container and reports the changes to the schedule back to the client."

The collaboration between Damco and Starbucks has stretched for over a decade. Key Damco staff are based in the Starbucks headquarters in Seattle, USA. Damco has also mirrored the global coffee brand's regional structure, with account managers placed strategically close to the Starbucks regional offices in Europe and Asia. *



PHOTO: COLOURBOX



PHOTO: ARWAN MARIATHAMA

"Newly built containers are unsuitable, as the coffee beans will absorb the smell of fresh paint. So some older containers we use may not look too good from the outside, but we assure clients that the interior is suitable," says Dan Gustama, Account Manager for Maersk Line.

Pushing technological boundaries

A NOVEL PARTNERSHIP | It is no ordinary technology that can handle drilling at temperatures of up to 350° Fahrenheit and pressure of 20,000 pounds per square inch. Maersk Drilling and BP explain how their relationship helps push the technological boundaries in the quest for ultra-deepwater oil and gas.

BY SAM CAGE

> When BP was considering how to extract more oil and gas from its existing assets in the Gulf of Mexico, it concluded that the biggest barrier was the capability of the rigs rather than the geology.

That meant it needed more sophisticated drilling technology to handle the high pressure and temperatures – and BP and Maersk Drilling found a good fit with each other. The two companies have embarked on a novel new partnership called Project 20K™, which is pushing the technological limits of hydrocarbon exploration.

strategies, capabilities and commitment have been very much aligned since day one, and we have already delivered a measure of success in our partnership in this important endeavour.”

VALUE DRIVERS

Unlocking the next frontier of deepwater oil and gas resources has become increasingly important as fields mature and extraction from tougher locations moves up the agenda.

The BP and Maersk Drilling partnership is designed to develop rigs that can safely and efficiently operate in high-pressure and high-temperature reservoirs, and hence tap into hydrocarbon reserves that are harder to find and extract. The challenge comes in ensuring that the equipment can stand up to the pressure and temperature, meaning it tends to be larger and hence stronger.

“Generally speaking, we believe portions of the Paleogene play in the deepwater Gulf of Mexico will require Project 20K™ technologies. We also believe Project 20K™ technology will be necessary to maximise the potential of a number of other deepwater plays around the world,” Kennelley says.

The project has started to take clearer shape with Maersk Drilling’s order in June of four blowout preventers and two risers, so it will be able to deliver the rigs from early 2018. There is a commitment to design the rigs but still no signed contract for their construction and delivery.

“From our side, we have a better chance of making a deal if we’re in early,” says Frederik Smidth, Maersk Drilling’s Chief Technical Officer. “We get a much better, real understanding of the needs of the customer – what are the value drivers, what are the pain points?”

CIVILISED

The partnership is a key plank of Maersk Drilling’s aim to become a significant and stable contributor to group profit by developing and growing its business in very deepwater and harsh environments. The commercial model could also be applied to other partnerships, Smidth explains.

“It’s much more open and we have access to their



PHOTO: MAERSK DRILLING

“We get a much better, real understanding of the needs of the customer – what are the value drivers, what are the pain points?”

FREDERIK SMIDTH, MAERSK DRILLING’S CHIEF TECHNICAL OFFICER.

“We chose Maersk Drilling because at that time we believed they possessed the technical skill, creativity, leadership and capability to take this project from concept to reality,” says Kevin Kennelley, BP’s Vice President of Facilities Technology in its Upstream Technology group.

“Since then, we like to say that ‘BP selected Maersk Drilling, and Maersk Drilling selected BP’, because our



This drillship is not a 20K, but the final 20K will look something like this.

What is Project 20K™?

- BP announced the launch of Project 20K™ in February 2012 to develop conceptual engineering designs for a new breed of advanced technology offshore drilling rigs, critical to unlocking the next frontier of deepwater oil and gas resources. 20K™ stands for new technology that can handle drilling at temperatures of up to 350° Fahrenheit and pressure of 20,000 pounds per square inch.
- It aims to develop technologies over the next decade in four key areas: well design and completions; drilling rigs, riser and blowout prevention equipment; subsea production systems and well intervention and containment.
- A jointly staffed BP and Maersk Drilling engineering team evaluates potential rig concepts applicable to BP's deepwater portfolio. It performs the engineering studies required to select the optimal design of the 20K™ drilling rigs, riser and blowout prevention equipment.
- The conceptual engineering designs and any resulting patents for the 20K™ rig will be owned by Maersk Drilling and licensed to BP.

PHOTO: MAERSK DRILLING

data. If either side is not delivering, each can tell the other. It's very civilised, and there is an early detection system. We have a code for working together that is based on the two companies' values," he says.

One unexpected way in which the partnership has delivered is an enhanced capability for the storage of mud for open-hole drilling. Maersk Drilling was able to adapt the design to store more mud on board, meaning

fewer boats were needed to take it off and therefore less risk and cost.

"The fact is there has never been a time in this industry that you could be successful going it alone and that's truer today than ever," Kennelley adds. "With the world's energy needs rising and the 'easy oil' gone, we will continue to look for ways to collaborate in areas where we see a strategic benefit and it makes sense." 🇳🇴

LOOKING BACK...



Innovative customer solutions back in the day

Not everything fits into a container. When replacing the conventional cargo liners with container ships back in 1975, Maersk Line introduced the container-sized artificial tween deck to accommodate customer needs for the transportation of heavy-duty machinery.



PHOTO: CARSTEN DYHR

Luz Araya is one of the many women recently hired by the new MCI factory in San Antonio, Chile, where she was offered the chance to work in a historically male-dominated industry.

Chance of a lifetime

BOUNDARIES FALL | In the male-dominated world of factory workers in Chile, Maersk Container Industry (MCI) is hiring women to work in their new manufacturing plant. Many of the women are single parents, and for them, the opportunity of a proper job at the new container factory has changed their lives.

BY PETER TORSTENSEN

➤ Luz Araya had been ready for things to go her way for quite a while. As a widow and single mother, she provides not only for her own two kids, but also for her granddaughter Emily, who just turned five.

"My kids come before anything else in life. I work for them to be cared for and to make sure they have what they need," Luz Araya says.

They all live together in a small apartment in a worn-out building on the outskirts of San Antonio in Chile. With limited prior education, Luz Araya has primarily worked on and off as a nanny or a maid, but since such jobs normally come with a poor salary and low level of job

security in Chile, Araya was ready for change.

"I needed this. This was my moment," Araya tells us as we walk through the brand new factory where she now has a job in the "Small-part production" department.

MCI container factory

The opening of the new MCI container factory in San Antonio, Chile is planned to take place in 2015. However, many employees are already at work, training hard to learn and optimise the processes for building world-class containers.

Luz Araya is one of the many women recently hired by the new MCI factory in San Antonio, Chile, where she was offered the chance to work in a historically male-dominated industry.

"God gave me this chance and I told myself 'I'm going to make the most of it. I'm going to move forward here, I'm going to grow'. That's my goal," Araya says.

A FIRST MOVER

According to Orlando Faúndez, Head of Human Resources and CSR for the new MCI factory, many companies in Chile show hesitance in hiring women because of the inconveniences associated with a potential maternity leave.

"It can be difficult for women in

San Antonio to find a proper job," Faúndez explains.

Therefore, it didn't go unnoticed when MCI made an open search to fill positions in their new factory and the search resulted in the hiring of a high number of women, many of them single mothers.

"The other factories in this area have observed that we've started to hire a higher share of women – I think they will soon realise that by hiring women we are employing very loyal workers and tapping into a bigger talent pool," Faúndez says, and elaborates:

"Our first priority has been to hire people to make this factory highly productive and efficient. Having said that, we also take into account the social responsibility impact that we can have when hiring qualified women who are also single working mothers. We provide opportunities not only to one person – but to a whole family. In a situation where we have candidates with similar competences and skills, we simply take all factors into account."

HIGH LEVEL OF GRATITUDE

Faúndez can see that female workers and especially single mothers show a sense of belonging, a factor that is also visible when looking at the retention rates.

"Our experience shows that when employing a woman who is heading a whole household, you hire a person who will go that extra mile to commit and perform, since


she knows her job is a primary vehicle to move forward. To work in a manufacturing plant really is the opportunity of a lifetime to most of these single mothers – and they are not going to pass up that chance," Orlando Faúndez explains.

Women already make up 20% of workers on the factory floor of the new MCI facility, and the ambition is to raise that number to 30%.

"At MCI we see ourselves as a local front-runner when it comes to driving diversity. Needless to say that we pay the same salary for the same job done and try to create an inclusive working environment," Faúndez says, and adds:

"We've noticed that many of our female workers are especially good at the jobs in which precision is needed," says Faúndez.

Luz Araya is now settling in to her new life as factory worker. Public transport is not adequate in the area of the factory, so her morning commute is on one of the buses provided by the factory. With her mandatory green vest, security glasses and helmet on, she is ready for another day assembling small parts for the containers. And when she returns on the bus late afternoon, she can do so with ease of mind.

"This job gives me the opportunity to be the carer I need to be. I can make sure that my children will never go to bed hungry and that they get a chance to study. That is very fulfilling," says Luz Araya. 



"By hiring single mothers, we provide opportunities not only to one single person – but to a whole family," Head of Human Resources and CSR, Orlando Faúndez, says.



"God gave me this chance" – see more in the video with Luz Araya



Meet another single mother working in the factory, Jocelin Salgado.

News in brief

What is the future for global trade?

After decades of boom, growth in global trade is stalling. Will it recover or is the future for global trade a difficult one? Expert speakers discussed the topic in a symposium held at the Maersk Group headquarters.

Since 1950 the world has seen global trade boom, with growth outstripping global GDP as new markets have opened up.

But are the boom years over? In the past two years global trade growth has fallen behind world economic growth, and the World Trade Organisation (WTO) recently cut its forecast for global trade growth this year and the next to just 3.1% and 4% respectively – well below the 20-year average of 5.2%.

In a symposium held at the Maersk Group headquarters, a panel of expert speakers agreed that the future for global trade does not look so bright.

In his opening remarks, Group CEO Nils S. Andersen said that a failure to get global trade agreements off the ground posed a major barrier.

"Over the last decades we have seen global trade prosper in line with the success of globalisation. The last years have however given rise for concern. Huge trade imbalances, concern over jobs and populist pressures on governments have led to a growing protectionism."

First oil from Golden Eagle

First oil has been produced from the Golden Eagle development in the UK North Sea, a project in which Maersk Oil holds a 31.56% stake. It will help Maersk Oil move towards its target of 400,000 barrels of oil per day production.

Golden Eagle is just one of several Maersk Oil projects that should help it grow production towards a target of 400,000 boepd by 2020, provided that investments give a 10% return.

Located 70 kilometres northeast of Aberdeen, there are currently two Golden Eagle wells with potential to produce about 18,000 boepd. They are expected to reach a peak production of about 70,000 boepd in 2015, with Maersk Oil's share expected to be about 20,000.

"A project of this scale is important for the UK North Sea and for Maersk Oil; to deliver it safely, on time and on budget is an excellent performance," said Martin Rune Pedersen, Managing Director of Maersk Oil UK. "Today's announcement represents a great achievement by the Golden Eagle project teams."

Kazakhstan calling MITAS graduates

EDUCATION | The Maersk International Technology and Science graduate internship programme is producing top talent for key technical positions and securing sustainable growth in an important market for Maersk Oil.

BY DANIEL CANTY

➤ Maersk Oil is always searching for technical talent that can help execute its major projects and secure strong operational performance. One of the best ways to recruit young local talents is through the two year graduate programme, MITAS.

Laura Salimgozhinova is a typical graduate from 2014. She has a robust technical background and a strong connection to one of Maersk Oil's operated countries.

Her MITAS journey has taken her to three of Maersk Oil's operated countries; Denmark, Qatar and Kazakhstan. She says the wealth of different experiences on offer across her rotations was the obvious highlight of her MITAS programme, but the deep subsurface environment is what marked each destination out.

"In Copenhagen I was working with really mature reservoirs. The characteristics were completely different to my home base, where the work carried out in Aktau was all on new fields," says Salimgozhinova.

The MITAS programme is very popular among graduates. This year around 8,700 applied for Maersk Oil's 53 positions. For Maersk Oil, the programme is a key pillar and reason for the healthy demographic of its technical workforce. And the retention of the graduates is high. Since MITAS started in 2006, 76% of those graduates who finished the 2 year programme are still with Maersk Oil.

Stina Bjerg Nielsen, Head of Human Resources and member of the Maersk Oil Executive Team, explains that while countries such as Kazakhstan are the primary beneficiaries, on a corporate level the advantages are measurable and paying dividends.



"Our goal is to build sustainable businesses in the countries where we operate, and that means attracting local talent. The feedback we've had from Kazakhstan is that we've succeeded on two important fronts – attracting the best talent to Maersk Oil and fulfilling the businesses' needs for specific, highly specialised young engineers and geoscientists who are eager to apply their new international experiences to Dunga, Maersk Oil's onshore project in Kazakhstan," she says.

BROADENING SKILLS

One of Salimgozhinova's MITAS colleagues is Kairzhan Albazarov, a Reservoir Engineer in Kazakhstan who has worked in three different countries across a variety of industry segments in his 2 year in MITAS. Having started in Kazakhstan as a petroleum engineer, he rotated to work offshore Denmark, coordinating

88%

of stakeholders surveyed believe that the MITAS candidates Maersk Oil recruits are good or excellent



"Having been assigned to the drilling as well as to the petroleum engineering departments in the Kazakhstan, Danish and British business units, I diversified my repertoire of knowledge and skills," says Reservoir Engineer Askar Urakov.

38%

female participants

2014

"MITAS helped me to obtain broad drilling experience with a good balance of field and office training in Denmark and Qatar, as well as Kazakhstan," says Aliya Kupeyeva, Deputy Head of Drilling Engineering, Drilling & Well Services in Kazakhstan.

offshore drilling operations in the North Sea. This was followed by a placement in Houston, Texas with the exploration team, running reservoir simulation studies for Maersk Oil's offshore project in Angola.

"By working intimately with such diverse parts of the global business I have been fortunate to gain a big picture of the oil and gas industry. The opportunity to test myself in completely different environments, including onshore operations in West Kazakhstan, harsh winter conditions offshore in the North Sea and working with a highly experienced scientific team in Houston has been eye-opening to say the least."

The range of experiences and the value that the rotations will add on return is echoed by Aliya Kupeyeva, Deputy Head of Drilling Engineering, Drilling & Well Services in Kazakhstan.

"The opportunity to test myself in completely different environments, including onshore operations in West Kazakhstan, harsh winter conditions offshore in the North Sea and working with a highly experienced scientific team in Houston has been eye-opening to say the least," says Kairzhan Albazarov, Reservoir Engineer in Kazakhstan.

"MITAS helped me to obtain broad drilling experience with a good balance of field and office training in Denmark and Qatar, as well as Kazakhstan. Maersk Oil is recognised worldwide for its drive for innovation and deployment of new technologies. I was lucky enough to witness multilateral drilling and well completions as well as enhanced oil recovery-related well drilling – all in less than one year," she says.

Reservoir Engineer Askar Ura-kov says that skills learnt in the North Sea are helping the Dunga project.

"Having been assigned to the drilling as well as to the petroleum engineering departments in the Kazakhstan, Danish and British business units, I diversified my repertoire of knowledge and skills. I had the opportunity to work on various projects, including the North Sea HPHT environment with the application of extended-reach drilling techniques. After my arrival back to the home-base location in Kazakhstan, I continue to apply the key lessons related to the technical aspects, which is contributing to the Dunga field development."

DEEPENING TIES

There is a great business case for investing in local graduates as they are key contributors to the technical workforce.



"There are several important elements in play here. The MITAS graduates we welcome back to Kazakhstan after their rotations are filling key roles in technical disciplines. These are positions which demand highly skilled people and we are thrilled that these employees return with all the added value of their international rotations too," says Karsten Jensen, Managing Director of Maersk Oil in Kazakhstan.

"At the same time as delivering the people we need, we're pleased it makes an important contribution to developing the next generation of Kazakh engineers and geoscientists, and presents another opportunity to give something back to Kazakhstan." ❄️

19

different nationalities
2014

About MITAS

Maersk International Technology and Science Programme (MITAS) is a two-year international entry-level programme designed to prepare recently graduated engineers and geoscientists for technical and specialist careers. Each year highly talented graduates are selected to undertake the programme globally across Maersk Oil and Maersk Drilling.

The STAD Team having a great time during "STAD's Got Talent," an event that allowed colleagues to showcase their hobbies and extracurricular activities outside of work.



When ENGAGEMENT goes the distance

SIGNIFICANT INCREASE IN ENGAGEMENT | The results of the 2014 Employee Engagement Survey indicate a 1% increase in overall engagement across the Group. Maersk Post takes this opportunity to explore how different teams overcame challenges stemming from multiple locations and organisational restructuring, and saw engagement rise.

BY ANDREA P. IMSON

➤ According to one of the conclusions reached by two different teams after they worked on employee engagement, you have to feel like a team to be part of one. In 2014, two teams were amongst the many that demonstrated a significant increase in engagement: the East/West China PRE/W Finance Team and Sales, Trade & Marketing, Analytics and Disputes (STAD) Team.

"When people not located in the same place, it's really difficult to know what each person is thinking. I needed to address this as well as help the team to work together more efficiently," says Lilian Jing Ying Huang, adding that by the time the 2013 engagement results came in, she had already learnt that there was a problem.

Lilian Jing Ying Huang settled into her role as leader of the East/West China PRE/W Finance Team in October 2012. The team is made up of just 13 people, with the straightforward role to provide financial reporting support to Damco in China. The small team is spread across

five different locations, with just one staff member in one location and the largest team made up of six people in another location.

LITTLE VISIBILITY AND COOPERATION

Huang realised that the team had grown to a point where there was little visibility and cooperation between team members.

With the help of HR, Huang systematically began to put in place opportunities to address these areas. This year alone has seen team-building exercises; regular conference calls where employees can share best practices, personal and company updates; and one-to-one talks with Huang to align expectations from both sides. More recently, a workshop was held in Shanghai to further improve teamwork.

Huang reflects: "It's easy for leaders to tell people what they want, but sometimes we forget to ask if staff might need something from us."

Prioritising communication meant a boost of 46

Engagement at a glance

After six years of consecutive increases, engagement across the Group fell by four percentage points in 2013 partly due to an additional 20,000 non-office-based employees being included in the survey for the first time. 2014 marks a slight recovery by one percentage point, taking the Group's overall engagement score to 73%.

The increase in this year's survey is mostly driven by improvements among terminal workers, seafarers and offshore personnel. The engagement among office employees remains at a high level.

The participation rate in surveys as big as this one is typically between 70-75%, but the participation rate in Maersk hit 90%.

percentage points from her direct reports and 36 percentage points from the entire team.

Manager and one of Huang's direct reports, Lisa Xu, recalls how things have since changed for her:

"Before I was often confused and at times did not know how to tackle certain problems. Now I'm extremely satisfied with Damco. I'm happy to be working with such great team members," Lisa Xu says.

RAISING ENGAGEMENT

Another place in the Maersk Group that has seen a significant upwards change in engagement is the Sales, Trade & Marketing, Analytics and Disputes (STAD) Team from the Global Service Centres. Spread out across no less than five sites (Powai, Airoli and Chennai in India, Chengdu in China and Manila in the Philippines), STAD is made up of close to 2,000 people whose tasks encompass a variety of roles that support the Maersk Line customer experience.

STAD's engagement reflects the Global Service Centres' more gradual recovery from organisational restructuring in 2012 and the systems overhaul which triggered a 7% drop for STAD, from 81% to 74% in 2013.

Former banker Vipul Sardana was brought in to lead the newly formed STAD Team in late 2012, and in 2014, Sardana earned an overall engagement score of 89% from his direct reports and 79% from the almost 2,000-strong STAD Team. Both ratings are above the Group's overall 73% engagement score. Participation was also high at 98%.

Sardana reflects what worked for STAD: ensuring

that every member of STAD understood their role, how they were evaluated and how their performance contributed to their pay; establishing the 48-hour recognition rule, which stated that employees should be personally commended by their managers within 48 hours after recognition from a stakeholder; and making fun, cultural and athletic events part of the workplace through

STADium, a core engagement group comprised entirely of volunteers whose job it would be to help increase engagement.

STAD HR Engagement Partner and STADium volunteer Anusha Tiwari notes that having coordinated initiatives across sites helped to drive engagement at an entirely different level.

"Previously sites were carrying out their own isolated efforts to drive engagement, but STADium provided a structured approach at a global level to drive various engagement initiatives across cultures, thereby re-enforcing the key message of One Team – STAD," Anusha Tiwari says.

Fellow STADium volunteer, Contract Governance Lead Tejashri Shah, affirms:

"What appealed to the members of STAD is the genuine effort that they could

sense in the initiatives. It came to a point where even colleagues from other teams began to ask if we could include them in some of our activities."

SARDANA'S CURVEBALL

According to Sardana, all this effort tied in with the last priority: "The third and final area that gave us an edge was to make sure that the engagement was felt and seen throughout the year, and not just as a spurt or splash around the time of the engagement survey." ■



Vipul Sardana, Senior Director for STAD in the Maersk Global Service Centres.

Counting sheep to China

MARKET POTENTIAL | New Zealand, despite its distance from world markets, is tapping into the rapidly growing demand for high-protein foods in China, thanks to supply chain efficiencies and reefer technology.

BY YI HUI TAN

> At a meat processing plant in Lorneville, in the heart of New Zealand's South Island, workers are heaving over 600 sheep carcasses into a long row of waiting Maersk Line reefer containers. Today's load – 24 tonnes of frozen meat per container – will end up being served as choice lamb cuts on Chinese dinner tables.

The action starts at a plant belonging to the Alliance Group, a farmer-owned cooperative and one of New Zealand's leading meat exporters. From Lorneville, the containers will be transported by rail to nearby Port Chalmers, loaded onto a Maersk Line vessel and delivered via transshipment to the world's biggest market for sheep meat – China.

As global population surges and therefore food security swings to the East, countries like China are seeing a growing demand for protein from red meat, which New Zealand is poised to plug. Sheep meat, particularly lamb, is a popular choice with Chinese consumers, who consider Kiwi-produced food products to be of a high quality and freshness.

SUPPLY CHAIN EFFICIENCIES

Fuelled by the 2008 New Zealand-China Free Trade Agreement, Chinese trade has grown at an unprecedented speed.

"The increase in trade between New Zealand and China has been massive," says Gerard Morrison, Managing Director of Maersk Line New Zealand.

"Since 2005, meat volumes to China have grown by 500%, whereas in the dairy segment the growth



PHOTO: CHRIS MILLER

"Since 2005, meat volumes to China have grown by 500%, whereas in the dairy segment the growth is close to 800%. China is now one of New Zealand's largest trading partners – second only to Australia," says Gerard Morrison.

is close to 800%. China is now one of New Zealand's largest trading partners – second only to Australia."

While confident in New Zealand's continued growth potential, Morrison says the country's challenge remains its significant distance to global markets.

"New Zealand is a long way away from anywhere else and we're up against fierce competition from every other food-producing export country. To be competitive on the world stage, we have to be at the leading edge of efficiency right through the supply chain," he says.

To Morrison, this means Maersk Line must work as business partners with both shippers and service suppliers to facilitate a sustainable growth in volumes to China's millions. The Kotahi agreement, a ten-year agreement between Maersk Line New Zealand and the country's leading freight and logistics company, Kotahi, is an example of committing to long-term plans.

The partnership opens up the potential for bigger ships calling at New Zealand's ports over the next two years, as the deal commits up to 2.5 million TEU in volumes to Maersk Line over the decade.

"The new deal drives certainty and scale, which allows us to look forward to what lies ahead and commit to long-term plans instead of previously only having a one- or two-year outlook," Morrison says.

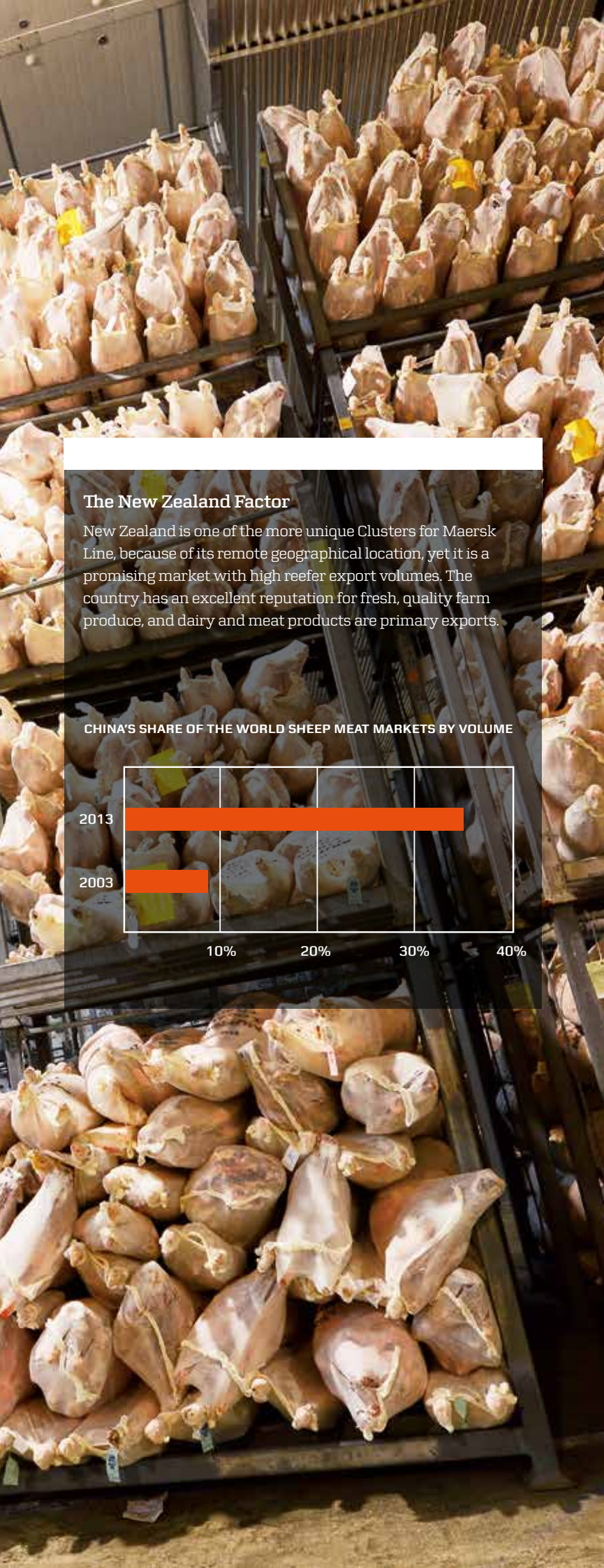
According to Morrison, the Kotahi partnership also has growth potential into China:

"Similar to the trend that we see in the meat segment, we also expect to see an increase in higher-value dairy products such as cream, cheese and infant formula. The potential for Maersk Line to grow with this trade in the next decade is enormous."

Outside of the Kotahi deal, the need to look ahead is also recognised by other shippers. Maersk Line and the Alliance Group enjoy a history of a strong working relationship, and the collaboration has recently been cemented in a long-term service contract, counting several global destinations. The deal will see Maersk Line as the principal carrier of the Alliance Group's annual 4,800 TEU of frozen sheep meat, which is discharged at the North Chinese port of Dalian before being further processed and sold through wholesale or retail channels throughout the vast country.

THE CHILLING POTENTIAL

Chilled lamb, as opposed to its frozen form, is another animal altogether. Because of its freshness



Maersk Line and the Alliance Group recently cemented a long-term service contract. The deal will see Maersk Line as the principal carrier of the Alliance Group's annual 4,800 TEU of frozen sheep meat exports to China.

The New Zealand Factor

New Zealand is one of the more unique Clusters for Maersk Line, because of its remote geographical location, yet it is a promising market with high reefer export volumes. The country has an excellent reputation for fresh, quality farm produce, and dairy and meat products are primary exports.

CHINA'S SHARE OF THE WORLD SHEEP MEAT MARKETS BY VOLUME



and quality, chilled lamb commands a premium price. However, the products have a shorter shelf life and require careful temperature control during storing and transportation. At the moment, due to regulatory controls and a lack of proper infrastructure, New Zealand meat exporters are not shipping chilled products to China.

Nevertheless, Maersk Line and the Alliance Group are collaborating closely on various reefer technology initiatives. The work includes trial shipments using Maersk Line's QUEST II software, which focuses on product temperatures during transportation. Recently, remote container management (RCM) has also been tested for its ability to monitor temperature performance and allow Alliance to alter optimum temperatures during the voyage.

Thanks to this reefer innovation and its global service coverage, Maersk Line already commands a healthy share of Alliance's chilled products to major markets in Europe and North America. Adding China to that list appears to be well within reach.

Murray Brown, General Manager of Marketing for the Alliance Group, sees chilled meat as the next potential growth surge in trade in China, where the evolution of the middle class means that sophisticated and seasoned shoppers – those able and willing to pay a premium for quality – will soon emerge as the dominant force.

"Right now most of our China exports involve high-value frozen sheep meat. China is a volume market at the moment. The next aspiration for this trade is probably to look for value such as chilled lamb," Brown says. ■

PHOTO: CHRIS MILLER

Apapa

looks to the hinterland

NEXT PHASE | In eight years, the Apapa Container Terminal in Nigeria has eliminated waiting times for vessels, improved facilities and kept ahead of 10% annual growth. Now it is turning its attention beyond its gates. By joining efforts to boost the revitalised railway, the terminal wants to tap into remote markets in the hinterland.



PHOTO: ANDERS ROSENDAHL

"APMT has been one of the foremost partners that we've developed working relationships with in this transformation of the railway," says Niyi Alli, Director of Operations at the Nigerian Railway Corporation. His goal is to move 90% of the volumes from Lagos to the north by rail.



PHOTO: ANDERS ROSENDAHL

BY ANDERS ROSENDAHL

> It only takes one look at the bumper-to-bumper trucks inching away from the Apapa Container Terminal in Lagos to understand Nigeria's ambition to put freight on rail. Swelling volumes of imported goods, primarily in containers, are simply outstripping road capacity, and at a rapid pace.

"After taking over the terminal in 2006, we have made big improvements inside our gates, reducing the waiting time for vessels from up to 30 days to zero. Now we are looking at the infrastructure beyond our gates," says Andrew Dawes, Managing Director at Apapa Container Terminal.

Every day, hundreds of containers are hitched to trucks in the ports of Lagos and taken into the country. In addition to the congested roads, the different legislation, procedures and processes of the various states create delays, making the 1,000 km between Lagos and Kano in the north roughly a one-week truck journey.

In logistics, where time is money, this lengthy trip translates into cost for importers and exporters.

BOOSTING TRADE

Eyebrows were therefore raised when Nigeria's government began renovating its railways and reopened the



Initially, freight service from Apapa to Kano consisted of a weekly train carrying 20 containers, a drop in the ocean compared to total volumes, but the message resonated loud and clear: the railway was back.

PHOTO: ANDERS ROSENDAHL

"We have a very good partnership with the Nigerian Railway Corporation, and customers are happy with the services. They are looking to channel more cargo to the railway," says Daniel Odibe, Operations Stakeholder Manager at Apapa Container Terminal, while overseeing the loading of the next train to depart from the terminal.



PHOTO: ANDERS ROSENDAHL

"With the railway link to the container terminal in Lagos, our inland container facility in Kano will alleviate a lot of the logistics challenges that importers and exporters of northern Nigeria face today," says Daniel Kayode, Commercial Manager at APMT Inland Service.

Lagos-Kano line in 2012. Kano is Nigeria's second-largest city, with 16 million people in its surrounding area.

Kano's predominantly agrarian economy produces cash crops such as cotton, acacia gum, ginger and iron ore, which all need to be shipped to buyers overseas. Today, the trip to the ports in Lagos is a tedious one, but APMT Inland Services aims to change that by building an inland container depot (ICD).

"We want to take port operations all the way up the northern corridor, and a container depot in Kano will alleviate a lot of logistics challenges for importers and exporters, ultimately boosting trade," says Daniel Kayode,

commercial manager at APMT Inland Service, adding:

"We believe that the timing is right for the ICD, because the train gives us the opportunity to deliver containers in a very cost-effective way. So certainly the train service is going to be the differentiator."

It takes the train three days to reach Kano from Lagos, and the weekly service is about to expand.

"APMT is one of the organisations committed to supporting the government's initiative to move containers out of the port by rail," says Niya Alli, Director of Operations at the Nigerian Railway Corporation, which operates the railway.



Apapa and APM Terminals in brief

Since APM Terminals took over the Apapa Container Terminal in 2006, volumes at the terminal have grown by 10% each year on average. In 2013, throughput was just shy of 650,000 TEU.

APMT has carried out two investment and expansion programmes, which have seen the terminal keep up with growth, eliminate vessel waiting times and improve safety, reefer capacity and facilities in general.

Eliminating waiting times for the vessels allows shipping

lines to deploy fewer vessels in their networks. This corresponds to millions of dollars in savings, which translates into better freight rates for Nigerian importers and exports.

Apapa is continuously seeing new shipping lines call the terminal, increasing competition. During the summer of 2014 two new carriers began calling the terminal, introducing more competition to the benefit of importers and exporters alike.

> "We are about to enter the next phase with them, where we will have three trains a week out of the Apapa Container Terminal."

The Apapa Container Terminal is currently upgrading its rail facility inside the terminal. Going from a single track to four will see train carriages loaded with containers fresh off the vessels, ready to be taken north when the train arrives from Kano carrying containers loaded with exports.

"We would like to see daily trains in the future, and are keen to partner with the government to deliver their desired goals for trade facilitation within the country. This is something we believe in," says Andrew Dawes.

FROM 1% TO 90%

Initially, freight service to Kano consisted of a weekly train carrying 20 containers, a drop in the ocean compared to total volumes, but the message resonated loud and clear: the railway was back.

"Rates for moving commercial goods on the train are much cheaper than by road. It's a saving grace for the northern economy," Kano businessman Bashir Borodo told the Financial Times shortly after the rail service was resumed, describing the effect as "dramatic".

A year and a half later, the sentiment is echoed by the railway operator:

"The weekly train was a pilot phase and it has been reliable and successful. What we are now looking at is moving to the next level, looking at how we can increase the volumes significantly," says Niyi Alli of Nigerian Railway Corporation.

Well aware that it will not happen overnight, his intention, in line with the government's 25-year strategic vision for the rail, is nonetheless to move 90% of the volumes from Lagos to the north by rail.

"At the moment we are carrying maybe 1% of this amount, and that has to do with line capacity, awareness and the continuous improvement of the rail. The targets are ambitious, but we expect to meet them over the years," he says.

At the University of Lagos, Professor Ndubisi I. Nwokoma of the Department of Economics recognises the progress that has been made with the railway. He sees the first steps as being the most difficult.

"The train to Kano represents a lot of progress. Additions are coming quite fast, and I see the rail as something very beneficial because it can take most of the freight that goes by road, which can help sustain current road infrastructure and avoid accidents," he says. ■



PZ Cussons, a multinational consumer goods company, is one of the businesses in Nigeria that benefits from the investments that APM Terminals has made in the Apapa Container Terminal in Lagos – scan and watch the film.

APM Terminals took over the Apapa Container Terminal in 2006. Since then, volumes have grown by 10% each year on average and waiting times for vessels have been eliminated. In 2013, throughput was just shy of 650,000 TEU.



PHOTO: TOM LINDBOGE



The Al Shaheen field in Qatar has now produced close to 1.5 billion barrels of oil and contributes to more than a third of Qatar's daily oil production.

A Qatari growth story

EXPANDING OPERATIONS | 20 years ago, Maersk Oil started production in Qatar, using its experience of the North Sea to develop resources that others deemed unviable. The business – and the country – have developed rapidly since then, and the Al Shaheen field now contributes to over a third of Qatar's daily oil output.

BY SAM CAGE

➤ When Hussain Abdullah Ashkanani joined Maersk Oil in Qatar in 2003, he remembers that there was only one computer in the office with Internet access. The team would queue up to take turns surfing the web during their lunch break.

Hussain now leads the safety and utilities team for Maersk Oil's assets offshore Qatar. He is one of some 750 onshore employees based in the bustle of an 18-storey tower in Doha, a physical emblem of the rapid growth of the operation and its success in extracting hydrocarbons from a field that had been deemed uneconomic by others.

Even the office location is testimony to Qatar's incredible development – the land was reclaimed from the

sea in the 1980s and it now looks out over Doha's West Bay and the towering skyscrapers of the city centre. Its Qatari workforce has doubled in the last five years to more than 200, nearly a quarter of the total.

"In 2003, most of the people were from Denmark. Today, you're talking about 56 nationalities in the company," says Hussain.

HIDDEN POTENTIAL

There were some significant challenges when Maersk Oil and Qatar Petroleum teamed up in 1992, including low permeability, thin, stacked reservoirs and keeping costs under control over a vast offshore area.

Maersk Oil had dealt with similar conditions in the



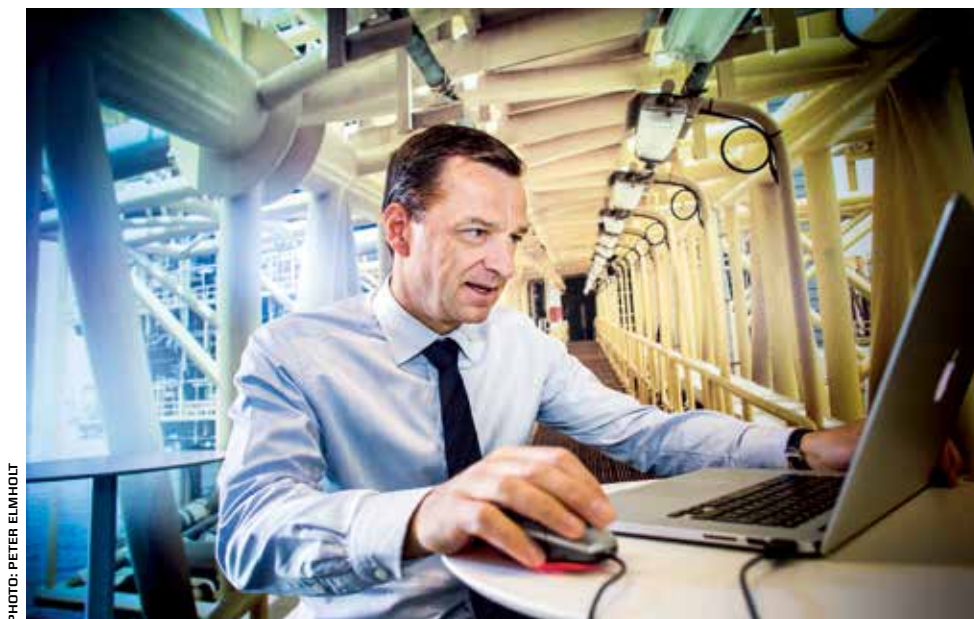


PHOTO: PETER ELMHOUT

Maersk Oil CEO Jakob Thomasen: "In Qatar we have faced some of our toughest challenges, and it has taken all of our specialist knowledge in oil production to optimise our operations across Al Shaheen."

Danish North Sea in the 1980s, and the key was drilling horizontally through reservoirs rather than down into them to maximise oil contact and also limit the number of installations required.

Water injection has significantly improved recovery, and Al Shaheen has one of the world's largest offshore waterfloods. Enhanced Oil Recovery (EOR) technologies, such as the first phase of the largest offshore water-alternating-gas injection project in the world, are also being applied.

A number of field development plans followed to upgrade and install new infrastructure, and Al Shaheen has now produced close to 1.5 billion barrels of oil and contributes to more than a third of Qatar's daily oil production. The field will remain as challenging in the future, if not more, and responsibly maximising recovery will rely on the expertise, experience and close working relationships built up over the last two decades.


"Here in Qatar we have faced some of our toughest challenges, and it has taken all of our specialist knowledge in oil production to optimise our operations across Al Shaheen," said Maersk Oil CEO Jakob Thomasen.

GROWING WITH THE COMPANY

It's not just Maersk Oil that has grown over that time; the economy of this small peninsular state has flourished as major oil and gas projects were developed and brought on line, and with it have come dramatic growth and development. Cranes dot the horizon around the capital city of Doha and the noise of construction is a soundtrack to the company's daily routine.

"Day by day the city is improving, with new roads and infrastructure and more people arriving," says Pushpa Paulson, who has worked for Maersk Oil in Qatar since the start and is now Cost and Document Controller.

Maersk Oil has made significant contributions to that, establishing its first global research and technology centre in Qatar and working closely with universities and schools to help students gain the right

knowledge and skills for careers in the energy industry. "Most people in Doha have started to know the company," says Executive Secretary Bijuna Shabu, who joined in 1992. "We were – and I think still are – growing with the company as it overcomes the challenges and complexity of Al Shaheen." 

Maersk in Qatar

- Maersk Oil and Qatar Petroleum (QP) have been partners on the Al Shaheen field offshore Qatar since 1992.
- The Maersk Group has also been involved in the country's burgeoning Liquefied Natural Gas (LNG) industry since 1996. Nakilat SvitserWijsmuller (NSW), a joint venture between Svitser and national shipping company Nakilat, owns and operates a fleet of tug boats, pilot and harbour craft at Ras Laffan Port, the world's biggest LNG export terminal with a capacity to perform six large LNG tanker loadings simultaneously.
- Maersk Line (represented in Qatar as 'Maersk Qatar Maritime Services') currently handles some 35% of Qatar's industrial exports and holds the number one position in Qatar with a market share of 21% in imports.
- Maersk's logistics arm, Damco, has spent over a decade supporting firms and organisations such as Nestlé, McDonalds, Toyota and Qatalum (Qatar Aluminium) with freight forwarding services.

MY MAERSK

Long-term possibilities or short-term rewards?

Choosing long-term possibilities over short-term rewards, Domingos Yaba Suzana chose Svitzer in 2010 because it offered him regularisation opportunities, a rarity in Angola's contract-orientated job market.

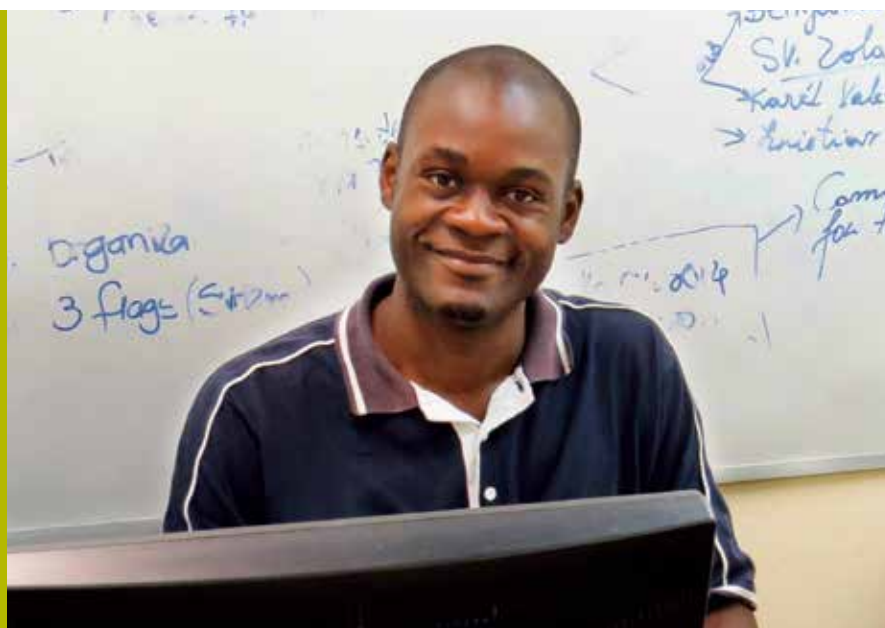


PHOTO: SVITZER

A jobseeker's dilemma

BY ANDREA P. IMSON

➤ "Another company offered me a higher position and a higher pay, but it would finish after one year. When I chose Svitzer, I would earn less, but I would get to stay. Accepting that offer meant that I would not have to sit at home when the contract finished and start running after a job again."

Domingos Yaba Suzana recalls that day almost four years ago when he made the decision to join Svitzer as Company Driver. After applying for a seafarer position that included a tailored two-year education to become a certified seafarer, Suzana was informed that the only position still available was as a driver. He accepted the position that same day, without knowing that – in less than two years – he would eventually take on a role not just in the Crewing Department, but as its head.

KEEPING BUSY WAS A STRONG START

Being one of the many newcomers to Svitzer, which had then only just begun operations in the country, Suzana's enthusiasm and can-do attitude allowed him to gain a good grasp of the organisation quickly. While drivers from other companies would sit and wait until called to

Domingos Yaba Joao Suzana

Age: 27 years
Nationality: Angolan
Education: Diploma in Crew Management from Lloyd's Maritime Academy and North West Kent College, high school diploma in biochemistry
First job: Mason for Namkwang International Engineering and Construction
Family: Five brothers and three sisters
Languages: English, Portuguese, French
Interests: Karate, football, building his first home

resume their duties, Suzana refused to be idle. "I ran different errands – purchasing things, doing odd jobs, arranging for the delivery of food and water. I did not see what it had to do with my KPIs, but I did it because it was what was requested."

"When seafarers that I had to pick up weren't there to meet me, I went round to their houses and woke them up. After three months, I knew the names of all the crew members," he adds.

OPPORTUNITIES IN CREWING

Months passed, and in his eighth month with Svitzer, Suzana was asked to take on the position of Crewing Coordinator, ensuring that all paperwork for seafarers and expatriates was in order while the regular coordinator was on leave.

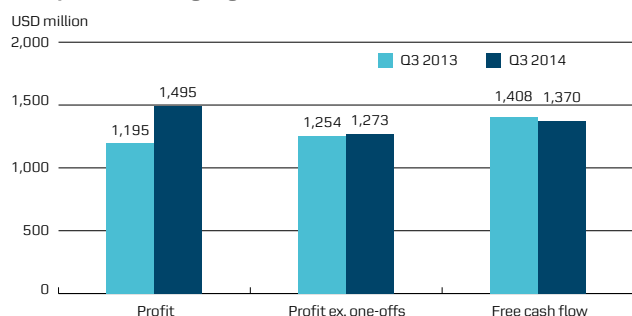
After three months in the new yet temporary role, he was asked not only to stay in the department, but was promoted to Crewing Administrator. In another three months' time, he was promoted a second time and given the overall responsibility of managing the Crewing Department. Today, many of his colleagues, including Svitzer Country Manager Peter Blackett, commend Domingos Yaba Suzana for the choice he made four years ago and his positive attitude. "He is just the best," says Blackett, "always smiling, always eager to help. He turned down a better-paying job that offered a short contract in exchange for a long-term commitment with Svitzer. That is maturity." 🌟

Who should we feature in the next MyMaersk?

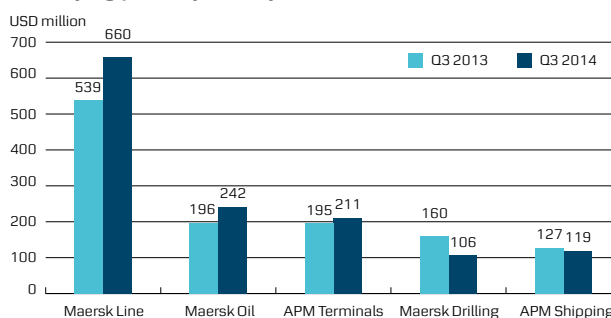
If you have an inspiring colleague who leads an extraordinary life inside or outside of work, nominate them for MyMaersk by sending an email to andrea.p.imson@maersk.com.

The Group reports Q3 profit of USD 1.5 billion

Group Financial Highlights, Q3 2014



Underlying profit by activity, Q3 2014*



* Excluding gains on sales of non-current assets, etc., impairments and other one-off items

The return on invested capital (ROIC) for the Group came in at 12.7% for Q3 2014 (9.5% in Q3 2013), following strong operational performance in Maersk Line, Maersk Oil and APM Terminals.

GROUP HIGHLIGHTS

The underlying profit for the Group was USD 1.3 billion (USD 1.3 billion) when excluding discontinued operations, impairments and divestments.

The Group's revenue increased by 0.7%, impacted by higher container volumes and freight rates as well as higher oil entitlement production, partly offset by a lower average oil price.

"We are very satisfied with the result for the third quarter of 2014. Over the course of the year so far, the Group has improved its underlying result by 25% compared to the same period last year"

MAERSK GROUP CEO NILS S. ANDERSEN

PORTFOLIO HIGHLIGHTS

Maersk Line made a profit of USD 685 million (USD 554 million) and a ROIC of 13.5% (10.9%). The improvement was achieved through lower costs and supported by an increase in the average freight rate.

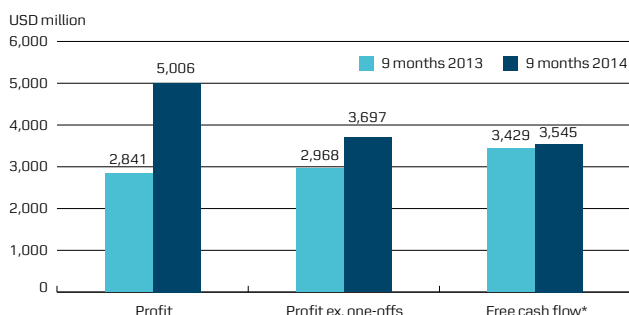
Maersk Oil made a profit of USD 222 million (USD 189 million), impacted by a 4% increase in entitlement production vs Q3 2013 as well as lower exploration costs, partly offset by a lower average oil price of USD 102 per barrel (USD 110 per barrel). Production increased by 3.9% to 238,000 boepd as the scheduled maintenance shutdowns were completed as planned. ROIC was 17.5% (12.0%).

APM Terminals made a profit of USD 345 million (USD 203 million) and a ROIC of 22.5% (14.2%). The strong result was driven by 4.4% volume growth and the USD 219 million after tax divestment gains from the sale of APM Terminals Virginia, USA and Terminal Porte Océane, Le Havre, France, partly offset by impairments of USD 74 million.

Maersk Drilling made a profit of USD 192 million (USD 148 million), including a gain of USD 73 million after tax due the divestment of the Venezuela activities that offset costs related to planned yard stays and start-up costs for new rigs. ROIC was 10.7% (11.7%).

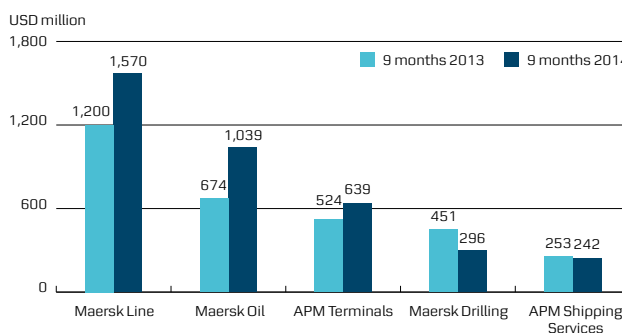
APM Shipping Services improved reported profit by 4.4% to USD 119 million and delivered a ROIC of 8.7% (7.0%).

Group Financial Highlights, 9 months 2014



* Includes discontinued operations

Underlying profit by activity, 9 months 2014*



* Excluding gains on sales of non-current assets, etc., impairments and other one-off items

HIGHLIGHTS



Maersk Line:

Volumes increased by
to 2,401k FFE (2,315k FFE)

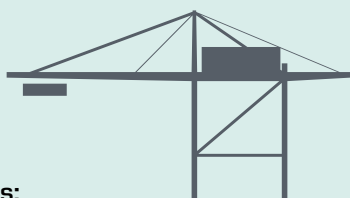
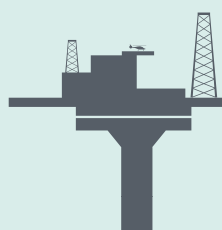
3.7%

Maersk Oil:

Production from the Golden Eagle Development in the UK commenced late October 2014. The production will be ramped up towards

22,000 BOEPD

(Maersk Oil's 31.6% share) by the end of 2015.

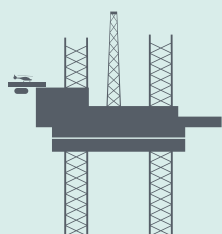


APM Terminals:

Increase in the number of containers handled by

4.4%

to 9.7 million TEU
(9.3 million TEU).



Maersk Drilling:

The third new-build drillship, Maersk Venturer, and the second jack-up, Maersk Interceptor, were delivered.

	Q3	Q3		FY
(USD million)	2014	2013	Change	2013

Maersk Line

Revenue	7,074	6,782	4%	26,196
Reported profit	685	554	24%	1,510
Operating cash flow	1,029	1,259	-18%	3,732
Volume (FFE '000)	2,401	2,315	3.7%	8,839
Rate (USD/FFE)	2,679	2,654	0.9%	2,674
Bunker (USD/tonne)	575	580	-0.8%	595
ROIC (%)	13.5	10.9	+2.6pp	7.4

Maersk Oil

Revenue	2,174	2,210	-1.6%	9,142
Reported profit	222	189	18%	1,046
Operating cash flow	726	989	-27%	3,246
Prod. (boepd '000)	238	229	3.9%	235
Brent (USD per barrel)	102	110	-7.3%	109
ROIC (%)	17.5	12.0	+5.5pp	16.2

APM Terminals

Revenue	1,109	1,122	-1.2%	4,332
Reported profit	345	203	70%	770
Operating cash flow	318	261	22%	923
Throughput (TEU m)	9.7	9.3	4.4%	36.3
ROIC (%)	22.5	14.2	+8.3pp	13.5

Maersk Drilling

Revenue	525	507	3.6%	1,972
Reported profit	192	148	30%	528
Operating cash flow	127	212	-40%	775
ROIC (%)	10.7	11.7	-1.0pp	10.8

APM Shipping Services

Revenue	1,536	1,662	-7.6%	6,438
Reported profit	119	114	4.4%	-85
Operating cash flow	95	224	-58%	749
ROIC (%)	8.7	7.0	+1.7pp	-1.3

Guidance for 2014

The Group still expects a result for 2014 significantly above the 2013 result of USD 3.8 billion. The underlying result is still expected to be around USD 4.5 billion (USD 3.6 billion) when excluding discontinued operations, impairments and divestment gains.

The Group's guidance for 2014 is subject to considerable uncertainty, not least due to developments in the global economy, the container rates and the oil price.

For more details regarding the financials for Q3 2014 please see the investor relations website: [HTTP://INVESTOR.MAERSK.COM/FINANCIALS.CFM](http://investor.maersk.com/financials.cfm)

Unless otherwise stated, all figures in brackets refer to the corresponding figures for the same period of the previous year.

A five-year contract in the North Sea

BIG PICTURE | Maersk Interceptor, the second of four ultra-harsh-environment jack-up rigs to enter Maersk Drilling's fleet, is pictured here at the Norwegian port of Mekjarvik near Stavanger. She and her sisters are the world's largest jack-up rigs, with a leg length of 206.8 metres, and are

designed for year-round operation in the North Sea in water depths of up to 150 metres. The rig will start a five-year firm contract, including two one-year options, in December with Det norske oljeselskap ASA (Det norske) for drilling the Ivar Aasen field in the Norwegian North Sea.



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